STATEMENT BY THE PRESIDENT.

PRESIDENT: Before we pass on to the next item, I have an observation to make, particularly in the light of the experience which I have gained by being present in the Chair today. I fully sympathise with the Government members who have got to answer volleys of questions on particular subjects which are dealt with in the agenda of the day. The right to claim notice should not be exercised freely and frequently. (*Hear, hear*). It should be exercised only when the Government Member is asked on matters not immediately within his knowledge, on matters on which he has got to make further investigation before he can commit himself definitely and on matters which are not directly related to the question under discussion. But when a Government Member comes into the House to answer a question, the House naturally assumes that he is fully conversant with the intricacies and the ramifications connected with that particular question. Liberty to ask for notice for every question is not a liberty which should be tolerated very much and I only hope that the members on the Government Benches will not indulge in that privilege very often. (*Hear, hear*).

I have an announcement to make. Under rule 79 of the Travancore Legislative Rules soon after the commencement of each financial year, a committee on Public Accounts has got to be constituted. Of the three non-official members of the Committee, two have to be elected by the non-official members of this House and one by the non-official members of the other House. Similarly, three non-officials have also to be elected to the Standing Finance Committee, two from this House and one from the other.

The practice, I understand, in the past has been to conduct the election by ballot. As the two Committees have to be constituted at the commencement of each of the financial year, a day has to be fixed for the election of the members from this House during this Session of the Assembly. I have therefore to fix a date and hour as well as the method of election. I think it will be convenient to Honourable members if I should fix Saturday next immediately after the business of the House is over for the purpose of conducting the elections. The elections will, as in the past, be by ballot and the elections would be proceeded with either by the Deputy President or one of the gentlemen who are in the panel of chairmen, whoever happens to be present at that time. I considered it necessary to make as early an announcement as possible for obvious reasons. (*Laughter*).

VOTING ON DEMANDS FOR GRANTS.

DEMAND III—ELECTRICAL DEPARTMENT—(contd.)

Motion No. 257—(*contd*).

PRESIDENT: When the House adjourned yesterday, it was in possession of motion No. 257 on the Agenda relating to Demand No. III and I suppose Mr. S. J. Nair, who had moved it, had finished his speech. Am I right?

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MR. S. J. NAIR (*Nedumangad*) : Yes, Sir.

PRESIDENT : So the House will now resume the discussion on that.

MR. K. P. PADMANABHA MENON (*Electrical Engineer*) : Sir, I am in perfect sympathy with the object with which Mr. S. J. Nair has made this motion and I have done something practical in this matter already. There are at present 31 students under training this year and it is expected there will be a similar number next year also. It will be rather difficult to increase the number any further because it will not be possible to provide work for all these students, even if they are provided with necessary facilities for undergoing the training and moreover to fix the number at 50 every year for the next 5 years will mean 250 trained men. I do not anticipate at the present moment that the Electrical Department will develop to such an extent as to find employment for 250 men at the end of five years. In these circumstances, it is not a practical suggestion to increase the number over and above what we are actually taking now.

MR. E. V. KRISHNA PILLAI (*Pattanamtitta*) : Suppose there is no obligation on the part of Government to provide work for these people and they can find work elsewhere in private factories?

MR. K. P. PADMANABHA MENON (*Electrical Engineer*) : It is seen from experience that the majority of the trained men seek employment in the Government department. That is the experience with regard to men trained in the Sri Mulam Technical School. I believe 99 per cent. of them are after Government service and I believe that will be the experience with regard to these students also.

MR. E. V. KRISHNA PILLAI (*Pattanamtitta*) : Cannot the member visualise the expansion of industry with the help of electricity in future so that these men can find employment?

MR. K. P. PADMANABHA MENON (*Electrical Engineer*) : I do, Sir; but the time for considering the admission of more students will be made when the scheme has come into the stage of operation. It will take at least two or three years for that. It is rather premature now to train 50 men every year with the remote possibility of finding employment elsewhere.

PRESIDENT : To add to the number of unemployed?

MR. K. P. PADMANABHA MENON (*Electrical Engineer*) : Yes, Sir.

MR. A. S. DAMODARAN ASAN (*Mavelikara*) : Are there rules framed for training these volunteers?

MR. K. P. PADMANABHA MENON (*Electrical Engineer*) : There are two classes of students under training. The first consists of students of the Engineering College to whom one year's training in the Department like mine is compulsory for qualifying them for the degree. There is another set of apprentices who are mostly recruited from pupils who possess general education qualification. A proposal for entertaining such students has just been sanctioned by Government

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and this proposal will be put into effect early from Chingom next. Under that proposal, the Department will recruit nine students every year and train them for three years with a view ultimately to absorb them in the Department. As conditions now exist in the Department, there will be on an average six vacancies in the subordinate ranks from the third year.

MR. A. S. DAMODARAN ASAN (*Mavelikara*): What should be the qualification of the new recruits?

MR. K. P. PADMANABHA MENON (*Electrical Engineer*): English Secondary School Leaving Certificate is the minimum qualification and the age should be between 17 and 20.

MR. S. J. NAIR (*Nedumangad*): From the reply of the official member it is understood that only six students are to be admitted every year for training as apprentices in the Department for future absorption in the Department. I submit, Sir, that this number is too low when compared to the huge number of unemployed young men amongst the literate class in the State. The contention that, if a greater number of young men are trained, they would be knocking at the door of Government offices for appointment in the Government service is not at all a satisfactory contention; because, as I understand, there are private electric concerns like those at Nagercoil and Kottayam and there are ever so many concerns outside the State conducted by private agencies wherein these young men, if they are taken up for training and properly trained, can seek employment. Anyhow since Mr. K. P. P. Menon, the Electrical Engineer, admits that he would consider the question seriously on future occasions, I do not press the motion and I withdraw it.

The motion was, by leave, withdrawn.

Motion No. 258.

MR. S. J. NAIR (*Nedumangad*): Sir, I move to reduce the allotment of Rs. 1,35,075 for working expenses by Re. 1., in order to discuss the possibility of the "Aruvipuram Electric Scheme" in the Nedumangad taluk. Sir, there is an excellent water-fall at Arivipuram in the Vamanapuram river.

MR. EDAVANATT S. PADMANABHA MENON (*Shertala I*): May I know whether there is a scheme known as the Aruvipuram Electric Scheme?

MR. S. J. NAIR (*Nedumangad*): That is a scheme which could be worked up by Government as a profitable concern. I would bring to the notice of Government that it is a scheme which could be worked up by Government; and if properly worked, would be of very great use to the whole State.

MR. EDAVANATT S. PADMANABHA MENON (*Shertala I*): May I know whether that scheme has been evolved by any body till now?

MR. S. J. NAIR (*Nedumangad*): That is a scheme seriously thought of by the public of Nedumangad. All those who are familiar with the exact nature of the water-fall.

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MR. PACODE A. NARAYANA PILLAI (*Vilavankod*): Has that scheme already been evolved by anybody?

MR. S. J. NAIR (*Nedumangad*): It is a scheme in the minds of the public of Nedumangad.

Aruvipuram is a place on the banks of the Vamanapuram river about 15 miles east from the seashore high up in the river, and the Aruvipuram water-fall is situated by the side of Kallara-Aruvipuram trace. The idea of developing that trace into a cart road is in the contemplation of the Engineering Department and as soon as that trace is improved and converted into a gravel road it would be open to the general public of Travancore to frequent the place very easily. This water fall at Aruvipuram is a better fall, so far as I can understand as a layman, than the water-fall wherefrom the Trivandrum Water Works Scheme is projected in the Karamanai river. There is a great possibility of converting electricity out of that fall at Aruvipuram.

MR. G. B. E. TRUSCOTT (*Chief Engineer*): Converting electricity into what?

MR. S. J. NAIR (*Nedumangad*): I am coming to that, Sir. That electric current could be utilised for the purpose of working a tapioca flour factory in order to manufacture tapioca flour. (*Laughter.*)

Many of the taluks in Travancore produce plenty of tapioca, and the people of eastern taluks in Travancore mainly depend on tapioca as a source of income to pay their taxes, to educate their children and to eke out their livelihood.

MR. EDAVANATT S. PADMANABHA MENON (*Shertala I*): Will the member be pleased to explain the process for the tapioca flour industry?

MR. S. J. NAIR (*Nedumangad*): That is a matter for the Industries Department.

PRESIDENT: The possibility to generate electricity, to develop the flour industry, all these are Mr. Nair's conjectures.

MR. S. J. NAIR (*Nedumangad*): It is not a conjecture, Sir. It is possible, provided it is properly worked up. If such a factory is started in Travancore, it would be a great boon to the people. From the Report of the Industrial Survey of Travancore, published by Dr. Barker, formerly Director of Industries in the State, I understand that one Mr. Seligmann of Messrs. Hartmann Bros. Boston, United States of America, visited Travancore once and fixed up an order for 20,000 tons of tapioca flour for Rs. 60 lakhs. Sir, if that statement contained in that report is true, I venture to submit that it would be a real blessing to the people of Travancore if my present scheme is seriously thought of and worked out.

MR. K. KUNJUKRISHNA PILLAI (*Quilon I*): May I know from the member approximately the number of cusecs of water that the fall can supply?

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PRESIDENT: Mr. Nayar has already stated that he has not worked the scheme. It is all mere generalisation.

MR. K. KUNJUKRISHNA PILLAI (*Quilon I*): Just an approximate idea, that is all.

PRESIDENT: Oh, not at all. (*Laughter.*)

MR. EDAVANATT S. PADMANABHA MENON (*Shertala I*): Roughly, what will be the height of the fall?

PRESIDENT: Perhaps, Mr. Nair has not yet attempted to measure it. (*Laughter.*)

MR. S. J. NAIR (*Nedumangad*): True, Sir, I have not measured it. But I have seen many water-falls in and outside Travancore. To me it appears a good water-fall. So, I beg to suggest that a Hydro-Electric Scheme be started and worked out at Aruvipuram in the Vamanapuram river and that the Industries Department may be asked to start a tapioca flour factory there.

MR. E. V. KRISHNA PILLAI (*Pattanamtitta*): What about the Public Works Department being asked to convert the trace there into a cart road?

MR. S. J. NAIR (*Nedumangad*): That is the look-out of the Public Works Department. I have repeatedly brought this to their notice; and I hope they would do it ere long.

MR. K. P. PADMANABHA MENON (*Electrical Engineer*): I am afraid I cannot make any definite statement about the place mentioned by the member since this is the first time I hear about it. I can assure the member, however, that, if the claim is as promising as he seems to make out, I will take the earliest opportunity to visit the place and study it carefully.

MR. PUTHUPALLI S. KRISHNA PILLAI (*Quilon II*): At Government expense? (*Laughter.*)

PRESIDENT: Certainly; before deciding upon a visit to the place, he will try to get details of the question, if any, from Mr. Nair, and then consider the question before starting any investigation.

MR. S. J. NAIR (*Nedumangad*): Sir, one of the Honourable members just now put a question to Mr. Menon, our Electrical Engineer, as to whether he proposed to visit the locality, where the water-fall is, at Government expense. Sir, I am prepared to this expense, for that matter. I only urge that he must examine the matter carefully and do the needful.

Anyhow, since the Electrical Engineer has promised to come to the spot, to study the question and do the needful, I withdraw my motion.

The motion was, by leave, withdrawn.

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PRESIDENT: The Honourable member, who has sent up motion No. 259 has deviated from the usual convention in regard to token motions. Such motions do not, usually, carry more burden than one rupee or five rupees or ten rupees. It is not usual to propose reduction of Rs. 2 or Rs. 3 or other such amounts, I hope, in future, I will not find two's and three's in such motions.

Motions Nos. 259 to 262.

The following motions were not moved :

MR. N. JOHN JOSEPH :

259 To reduce the allotment of Rs. 2,210 for establishment by Re. 2

MR. S. NILAKANTA PILLAI :

260. To reduce the allotment of Rs 84,800 for Electric Supply to the Quilon Town under Debt Heads Investment on Reproductive Works by Rs. 5.

MR. S. NILAKANTA PILLAI :

261. To reduce the allotment of Rs. 20,29,878 for Pallivasal Hydro-Electric-Scheme under Debt Heads-Investment on Reproductive Works-by Rs. 5

MR. R. SAMBASIVA AIYAR :

262. To reduce the allotment of Rs. 20,29,878 for Pallivasal Hydro-Electric Scheme under Debt Heads-Investment on Reproductive Works-by Re 1.

Motion No. 263.

MR. R. SAMBASIVA AIYAR (*Kunnatnad II*) : Sir, I beg to make the following motion :

To reduce the allotment of Rs. 20,29,878 for Pallivasal Hydro-Electric Scheme under Debt Heads—Investment on Reproductive Works by Re. 1

My object is to point out that the funds for this capital work should not be taken from the Railway Sinking Fund as suggested in the Budget Speech of the Financial Secretary. This scheme involves a very large outlay. The nature and amount of public outlay forms always one of the cardinal features of public finance. The general principle is that the State, like the individual, should endeavour to obtain the best results with the funds in its possession. This fact should all the more be borne in mind at a time of financial stringency like the present.

Sir, in its very nature, the outlay on the Pallivasal Hydro-Electric Scheme seems to be quite unobjectionable. It is not my purpose just now to minimise its importance or its usefulness to the people at large. Its potentialities are indeed very great for the country. But, I desire to sound a word of caution. Even the most conservative writers on public finance are agreed that, when expenditure has to be incurred on profitable reproductive schemes, the best course is to raise a loan. Sir, no Government need be frightened at the possibility of floating loans for such works. If the Government and their advisers are sure that this large investment would be reproductive, I venture to suggest that this is the proper time to raise a loan. The Railway Sinking Fund is certainly not the source on which Government should lay their hands for this purpose. This fund represents the accumulated savings from the tax-payers' money from the year 1912, funds accumulated during

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days of prosperity. Now, the tax-payer is hard hit. His commodities do not fetch a fair price in the market. The agriculturist from whom this fund was collected is now heavily indebted, and he finds it very difficult to pay his creditor. I venture to suggest that the accumulated sinking fund may be diverted for relieving agricultural indebtedness. It may safely be advanced to an institution like the State Land Mortgage Bank. Its branches may be established in different parts of the State, so that the agriculturist can get loans from these banks at a low rate of interest. Sir, the Government are realising, on their securities, only 3 to 4 per cent. interest. Money may be advanced at the same rate of interest to relieve the agriculturist, the backbone of the country, of his heavy indebtedness. His landed property is very good security. If he is not given timely help now, the policy would be like the attempt to kill the goose that lays the golden egg. The prosperity of the country, the very safety of Government, depends on the prosperity of the agriculturist. I therefore beg to suggest that a loan may be raised for the Pallivasal Scheme and the Sinking Fund may be diverted to relieve agricultural indebtedness.

MR. K. KUNJUKRISHNA PILLAI (*Quilon I*): I wish to add a few words in support of the motion. My first objection to the diversion of the fund is that wisdom requires that we now go deeply into the question whether, ultimately, it would not be in our interests for us to purchase the railway line in 1945. We cannot now say what the conditions are going to be in the year 1945. We do not know whether, if we work this line independently, it would be profitable for us. We have no control over the accounts now maintained by the railway authorities. There have been enough doubts on the correctness of the accounts now maintained. We have every reason to believe, Sir, that what is now shown to us as loss may really be gain. The present position, therefore, should not guide us in coming to the conclusion that the investment on the line is, economically, ruinous to our interests.

Further, even granting that the railway line is not, economically, a profitable concern, as the Financial Secretary has stated in his speech, we are bound, legally bound, to guarantee annual payment of a decent amount as interest on the capital outlay which is ever increasing. So, if the line is a losing concern, the Government of India will get their interest from us; and it is we that lose. That is no attraction, therefore, for us to evade purchasing the line. And, we do not know the limit at which the capital will stop going up. If we purchase the line, we will at least have the option to stop working the line if it is so ruinous. We would lose the right to stop working the line, if we want it, once we give up the right to purchase the line at least in 1945.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): Has that right been given up?

MR. K. KUNJUKRISHNA PILLAI (*Quilon I*): It has not been given up yet. But, from the trend of the speeches from the official benches, and from the fact that the Government expressly contemplate the diversion of the accumulated fund, it is more or less clear that, according

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[Mr. K. Kunjukrishna Pillai.]

to Government, the Quilon-Shencottah railway line is not worth having as our own and that it is better that we surrender it to the Government of India and guarantee them interest on the outlay. The position of the Government in regard to the purchase of the line has to be made clear.

Thirdly, Sir, assuming that the railway line is not worth having as our own, assuming that the accumulated fund may be diverted, is it sound policy to divert it for a reproductive scheme like the Pailivasal Hydro-Electric Scheme?

Sir, I have, in my humble way, suggested that it is the opinion of all progressive financiers in modern times that works which are to benefit posterity ought to be made payable, at least a portion of it, by posterity and that loans are the best means of undertaking reproductive works. Neither the dogmatic assurance of Mr. K. C. Karunakaran nor the *obiter dicta* of the leader of the Liberal Party has convinced me that the position I have taken with regard to this financial question is wrong. Sir, if it is any other matter, I could have accepted his *obiter dicta*, but in an opinion on finance, I cannot, I am sorry to say, accept a mere *obiter dicta*. I wish to press on the attention of Government that, if the Pallivasal Hydro-Electric Scheme is going to be reproductive, the best means of raising money is by raising a loan. By raising a loan the people will be accustomed to the habit of investment which is a very salutary habit that we have to encourage. Under these circumstances, Sir, I support the motion moved by Mr. Sambasiva Aiyar

MR. K. C. ABRAHAM (*Kottayam II*): Could not a loan be more advantageously raised in 1945?

MR. K. KUNJUKRISHNA PILLAI (*Quilon I*): For what purpose?

MR. K. C. ABRAHAM (*Kottayam II*): For any purpose.

MR. K. KUNJUKRISHNA PILLAI (*Quilon I*): I do not think loans will come for any purpose. They will come only for reproductive works. We are not sure that the Quilon-Shencotta Railway scheme is so admittedly a paying concern as the Pallivasal scheme which is going to benefit posterity immensely. It is the duty of posterity to pay for the bread that they are going to eat—at least partly.

PRESIDENT: Order, order. It is usual to ask the Government member to speak at the end of the discussion; but in this case, I think it would be advantageous to the House if the Financial Secretary will explain to the House what the real position of the Government is in regard to the Sinking Fund and the possibility of their taking over the railway, and why the necessity of borrowing for such a course was deemed essential. I think the Financial Secretary should first clarify the issue. The Chair is in a somewhat dubious position.

MR R. NILAKANTA PILLAI (*Financial Secretary to Government*): Sir, the first point raised was that the Pallivasal Hydro-Electric Scheme

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should be financed by raising a public loan. The expenditure on this scheme would amount to Rs. 6 lakhs at the close of the current year, while by the end of the next year it is expected to go up to about Rs. 27 lakhs. This expenditure, I would submit to the House, is not proposed to be met out of the General Revenues nor is it proposed to be met out of the accumulated surplus of previous years. This will be quite evident if the Honourable members would only refer to page 5 of the Preliminary Edition of the budget whereat the revised estimate of expenditure on the Pallivasal Hydro-Electric-Scheme is shown as *Minus* Rs. 70,800. In fact, the expenditure is being met out of the loan funds in the hands of the Government True, we have not so far gone in for a public loan as such. But Government have with them certain funds which could, for all practical purposes, be treated as loans. I am referring to the money received by Government in the shape of Savings Banks deposits and other similar items. There are sufficient funds at present under these loan items for meeting the next year's expenditure on the Pallivasal Hydro-Electric Scheme. The estimated capital cost of the scheme is Rs. 70 lakhs, while, as already stated, the total expenditure at the close of the next year would be about Rs. 27 lakhs. The balance to be provided for the completion of the scheme is therefore about Rs. 43 lakhs. I had just mentioned to the House that there are ample funds to meet the expenditure for the next year. As for the succeeding year, *i. e.*, 1111 M. E., there is the investment of the Travancore Government to the extent of about Rs. 23 lakhs, in the loan raised by the Government of India during the time of the great European War. This loan is repayable in September 1935, *i. e.*, in Kanni 1111 when we will have either to receive back in cash from the Government of India our share of the loan or to re-invest the amount in the new loan which the Government of India may be floating for the repayment of the present loan. It is very likely that the rate of interest on this new loan will be only about 3½ per cent. If we have to raise a loan, we may have to offer an interest of at least 4 per cent. or even a little higher. It appears to be better for the Government, in these circumstances, to finance the Pallivasal Scheme with the money that they will be receiving back from the Government of India in September 1935 instead of going in for a public loan at a rate of interest higher than 3½ per cent. The balance required for the completion of the Pallivasal Hydro-Electric Scheme, after utilising the sum of Rs. 23 lakhs, we will be receiving from the Government of India in September 1935, is Rs. 20 lakhs. This amount may be raised by going in for a public loan, if necessary. But there appears to be no immediate necessity for raising a loan and I think the question need be considered only in 1111 M. E. Of course, before actually floating a loan, we have to prepare the ground for the same. We have already raised a loan to the extent of Rs. 14,49,000 for financing the Quilon-Trivandrum Railway Scheme. But in so far as ample provision has been made for the complete discharge of that liability at any moment, we have, to all practical interests and purposes, no public loan just at present. Moreover, as stated in the concluding portion of my speech

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[Mr. R. Nilakanta Pillai.]

introducing the budget to the Joint Sitting of the Assembly and the Council, our financial position is unquestionably sound. There would therefore be absolutely no difficulty in raising a loan when the real necessity arises. But the real question is whether such a loan is necessary during the current year or the next year. My submission to the House is that it would be quite enough if we consider the question of raising a loan towards the close of the year 1111 M. E.

MR. A. S. DAMODARAN ASAN (*Mavelikara*): May I know from the member what will be the total amount of loan funds available to the Government?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): The loan funds are mostly Savings Banks' deposits, both current and fixed.

MR. A. S. DAMODARAN ASAN (*Mavelikara*): Could the member give me the figure?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): The Savings Banks deposits at the end of the current year may amount to Rs. 140 lakhs.

MR. A. S. DAMODARAN ASAN (*Mavelikara*): May I know why the Financial Secretary makes a statement that the general reserve fund has to be drawn upon in case of absolute necessity for financing the Pallivasal Hydro-Electric Scheme?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): It is only a provision from extreme emergency if it should not be possible to raise a loan, to the fullest extent required.

MR. P. CHIDAMBARAM PILLAI (*Commerce and Industry, South*): Are not Government in the position of trustees so far as these loan funds are concerned?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): They are to a certain extent trustees. But Government are in a position to repay all the loan funds whenever required by the depositors. The depositors have to be paid interest on the money invested and it would be better for Government to re-invest the funds when opportunity occurs, instead of allowing them to remain idle.

MR. A S. DAMODARAN ASAN (*Mavelikara*): May I know the particular reason for diverting the Sinking Fund at the present stage into a general revenue fund?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): We have not treated it as a general revenue fund but only as a general reserve fund.

MR. A. S. DAMODARAN ASAN (*Mavelikara*) May I know the particular reason for doing it now?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): There is no need to continue it as a railway sinking fund.

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MR. A. S. DAMODARAN ASAN (*Mavelikara*): May I know the reason why Government have decided to divert the railway sinking fund?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): That question has already been answered.

MR. P. CHIDAMBARAM PILLAI (*Commerce and Industry, South*): Has the whole amount been utilised?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): No, excepting to the extent of Rs. 10 lakhs and odd.

MR. A. S. DAMODARAN ASAN (*Mavelikara*): May I know the particular reason for adopting that step?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): As already stated, there is no need to continue the railway sinking fund, as such.

MR. A. S. DAMODARAN ASAN (*Mavelikara*): What are the particular circumstances which prompted the Government to do so?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): It has been established that Government are not under a legal obligation to purchase the Quilon—Shencotta railway. But, in case it is found, in the year 1945, that it would be profitable to Government to purchase the line, we may do so then, by raising a loan, if necessary.

MR. K. KUNJUKRISHNA PILLAI (*Quilon I*): Then may I know, Sir why they should divert the fund earlier than in 1945?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): As it was found that there was no need to keep the sinking fund earmarked for the purpose for which it was originally started, it was decided to divert it for creating an Irrigation Fund and redeeming our liability on account of the Debenture Loans. The balance has been utilised for starting a general reserve fund.

MR. K. KUNJUKRISHNA PILLAI (*Quilon I*): What is the hurry in regard to the repayment of the debenture loan?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): Before floating a fresh loan, we had better discharge all our previous liabilities.

MR. K. KUNJUKRISHNA PILLAI (*Quilon I*): May I know, Sir, whether the debenture bond holders, if they are not prepared to accept the money, can be forced to do so?

MR. R. NILAKANTA PILLAI (*Finacial Secretary to Government*): No. But many of them are willing to take back the money and even now we are purchasing the bonds.

MR. A. S. DAMODARAN ASAN (*Mavelikara*): May I know whether Government can get ten lakhs of rupees for irrigation and for repayment of the debenture loan only by diverting the sinking fund?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): The idea of the Government was to close the railway sinking fund and utilise the fund for purposes already mentioned.

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MR. A. S. DAMODARAN ASAN (*Mavelikara*): We want to know the reason for that.

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): Government thought that that was the best course under the circumstances.

MR. K. C. ABRAHAM (*Kottayam II*): May I know whether there is any other fund available for diversion to this purpose?

MR R. NILAKANTA PILLAI (*Financial Secretary to Government*): No other fund is available.

MR. E. V. KRISHNA PILLAI (*Pattanamtitta*): What rate of interest does the sinking fund carry?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): It depends upon the nature of the gilt-edged securities in which the funds are invested. Government were getting five per cent. interest in some cases and 4 per cent. in others.

MR. E. V. KRISHNA PILLAI (*Pattanamtitta*): Does the Government hope to utilise the diverted fund at a higher rate of interest?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): The amounts at the credit of the sinking fund are invested in the Government of India Promissory Notes. These notes are still with us and they have not been sold. Even though it is proposed to utilise a portion of the fund to form the nucleus of an irrigation fund, it is not the idea to sell outright these securities intended for the irrigation fund. Securities to the extent of Rs 5 lakhs have been transferred to Surplus investment and cash equipment to the value of the securities have been transferred to the irrigation fund.

MR. E. V. KRISHNA PILLAI (*Pattanamtitta*): So, is it the position of Government that they do not contemplate any increased amount under interest by the diversion of the funds?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): The interest on the railway sinking fund is now being added on under interest instead of being carried on to the railway sinking fund as before.

MR. E. V. KRISHNA PILLAI (*Pattanamtitta*): Sir, I am sorry I have not been properly understood. My question was whether it is the Government's position that, by the diversion of the amounts from the railway sinking fund and the utilisation thereof in some other direction, they could get a higher rate of interest on the fund so utilised.

PRESIDENT: I understood the Financial Secretaay to reply that, so long as it continues as a sinking fund you have to contribute something towards it. But now you are not contributing anything to the building up of the sinking fund and so it is a direct gain.

MR. E. V. KRISHNA PILLAI (*Pattanamtitta*): Is it the position of the Government that, by the diversion of the fund, Government are gaining annually?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): Yes.

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MR. A. S. DAMODARAN ASAN (*Mavelikara*): May I know from the member the gain to Government by this diversion?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): We have not to make any provision in the future under sinking funds. The annual savings on this account may amount to Rs. 1·86 lakhs.

MR. A. S. DAMODARAN ASAN (*Mavelikara*): Is it a profit to Government?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): It means less expenditure and to that extent it is a profit.

MR. A. S. DAMODARAN ASAN (*Mavelikara*): Am I to take it from the member that it was due to the inability of the Government to contribute a lakh and odd rupees that they diverted the fund?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): Certainly not. I have stated that, on account of the diversion, the expenditure of the State is reduced to the extent of Rs. 1 lakh and 86 thousands.

MR. PACODE A. NARAYANA PILLAI (*Vilavankod*): May I know from the member whether Government considered the possibility of the ultimate purchase of the railway line?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): If, at the expiry of the period of the present contract, it is found that the railway line is really a paying concern, we can purchase it by raising a loan if necessary.

MR. K. C. ABRAHAM (*Kottayam II*): Will it not be more advantageous to raise the loan now than after 1945?

MR R. NILAKANTA PILLAI (*Financial Secretary to Government*): There is no need for raising a loan just now. It is not possible to predict at present the condition of the money market in 1945.

MR. K. R. ELENKATH (*Kalkulam I*): May I know from the member what prompted Government not to take the money for Hydro-Electric Scheme from the accumulated surplus of previous years?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): We were doing that before. But it was objected to on the ground that by that procedure Government balance was being depleted from year to year.

MR. K. R. ELENKATH (*Kalkulam I*): Did the House object to taking funds from the surplus?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): Yes, and it was therefore proposed to meet such expenditure from the loan funds.

MR. R. SAMBASIVA AIYAR (*Kunnatnad II*): May I know from the member whether there was that idea when the Pallivasal Hydro-Electric Scheme was first started?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): Yes, that idea was also in contemplation.

MR. R. SAMBASIVA AIYAR (*Kunnatnad II*): May I know why then this matter, the diversion of the sinking fund, was not brought to the attention of the House at the last Session?

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MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): The matter was under correspondence with the Government of India.

MR. CHANGANACHERY K. PARAMESVARAN PILLAI (*Kunnattur cum Pattanapuram*): If the money is not forthcoming, why should it not be left for redeeming agricultural indebtedness?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): There is no cut and dry scheme at present before Government for the relief of agricultural indebtedness except relief through the Land Mortgage Bank. Mr. Sambasiva Aiyar has already proposed that the budget provision for the next year under Land Mortgage Bank should be Rs 50 lakhs. I may however inform the House that we have never had to refuse an application for lack of funds in the Land Mortgage Bank. So far as the Land Mortgage Bank is concerned, Government are prepared to supply the necessary funds whenever required by the Bank irrespective of budget provision. Till now we have received applications to the extent of about Rs. 7 lakhs and granted loans to the extent of Rs.5 lakhs. There is practically no greater demand I can assure the House that it will take at least six or seven years to absorb the Rs. 50 lakhs.

MR. M. N. NAIR (*Kottayam I*): May I know from the member what is the maximum amount that can be applied under the Land Mortgage Bank Rules?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): Rs. 3,000.

MR. M. N. NAIR (*Kottayam I*): Is there not the necessity of raising the maximum?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): The Government do not consider it necessary at present to raise the maximum.

MR. M. N. NAIR (*Kottayam I*): Are there not applications for greater sums?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): No; under the rules application could be made only for loans not exceeding Rs. 3,000.

MR. M. N. NAIR (*Kottayam I*): Are not Government aware that people are for raising the maximum of the amount?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): The Land Mortgage Bank is meant mainly to reduce the indebtedness of the agricultural middle class.

MR. M. N. NAIR (*Kottayam I*): Did the Financial Secretary suggest in his speech that the maximum in the Land Mortgage Bank should be raised?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): The question of raising the maximum may be considered.

MR. P. CHIDAMBARAM PILLAI (*Commerce and Industry, South*): Has the Government an idea of taking shares in the Reserve Bank?

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MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): The Reserve Bank has not been started yet.

MR. P CHIDAMBARAM PILLAI (*Commerce and Industry, South*): When will it be started?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): After December 1934.

MR. K. C. ABRAHAM (*Kottayam II*): Does the Government mean to fritter away the amount under the railway sinking fund?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): Certainly not. So far as the Pallivasal scheme is concerned, the reserve fund will not be drawn upon except in case of absolute necessity. During the general discussion, the same question was raised and I have answersd Mr. Kunjukrishna Pillai that the Government will use it for the Pallivasal Hydro-Electric Scheme only in case of absolute necessity.

MR. A. S. DAMODARAN ASAN (*Mavelikara*): In what is this sinking fund invested?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): In Government of India securities.

MR. A. S. DAMODARAN ASAN (*Mavelikara*): Do they contemplate any alteration in that idea?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): Government do not propose to sell any of the securities except in case of absolute necessity.

MR. PACODE A. NARAYANA PILLAI (*Vilavankod*): Will the Government be pleased to lay on the table of the House all the correspondence relating to the Quilon-Shencotta Railway line?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): The member may kindly put in an interpellation on the subject.

MR. A S. DAMODARAN ASAN (*Mavelikara*): Sir, is it open to the member to suggest what other members should do?

PRESIDENT: Will the Financial Secretary complete his speech?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): Sir, I have fairly answered all the questions raised in the course of the discussion.

MR. A. S. DAMODARAN ASAN (*Mavelikara*): Is there any reason for fixing a particular maximum in the Land Mortgage Bank?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): The Land Mortgage Bank was started merely for the benefit of the poor and the middle class agriculturists. The Bank is not intended for the relief of the capitalists.

MR. A. S. DAMODARAN ASAN (*Mavelikara*): Will not the middle class people require more than Rs. 3,000?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): They generally do not require more than Rs. 3,000.

MR. A. S. DAMODARAN ASAN (*Mavelikara*): How does the member define middle class people?

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MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): Agriculturists owning about 10 or 15 acres of land may be considered as middle class agriculturists, while those owning some 200 to 400 acres of land come under the category of capitalists.

MR. PACODE A. NARAYANA PILLAI (*Vilavankod*): May I know whether there is sufficient money in the Land Mortgage Bank?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): There are ample funds for the working of the Land Mortgage Bank.

MR. M. SIVATANU PILLAI (*Tovala*): May I know from the member whether Government have decided not to purchase the Shencotta-Quilon Railway?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): Government have not come to any definite decision on this question.

MR. PUTHUPALLI S. KRISHNA PILLAI (*Quilon II*): If the railway is found to be a paying concern, what is the source from which Government expect to realise the amount in the year 1945?

PRESIDENT: We cannot anticipate what will be done in 1945. Now there is no definite intention.

MR. M. SIVATANU PILLAI (*Tovala*): Is it after all anticipating the possibility of buying the railway in 1945?

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): I have already answered that, if the line is proved to be really a paying concern, Government will raise a loan in 1945.

MR. M. SIVATANU PILLAI (*Tovala*): The member referred in the Budget speech that it is treated as a general reserve fund.

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): That is only an additional qualification. That would not be touched except in case of absolute necessity. Of course we are prepared to raise a loan when necessity arises.

MR. T. K. VELU PILLAI (*Trivandrum—Urban*): This question confronts us with numerous difficulties. I find that arguments are based on assumptions and I am constrained to observe that very few of us sitting in this House are experts on finance, a department in economics which is a very very difficult one.

MR. PACODE A. NARAYANA PILLAI (*Vilavankod*): Sir, I rise to a point of order. Is it proper for the Honourable member to comment upon the financial knowledge or equipment of members of this House?

PRESIDENT: Including himself.

MR. T. K. VELU PILLAI (*Trivandrum-Urban*): I think I was understandable; and sentiment and courtesy require that I should include myself in that list of possible people who unlike Mr. Narayana Pillai might not know public finances well. That is my explanation. I maintain and hold that position. That apart, we are dealing with a very important and difficult subject. I heard Mr. Kunjukrishna Pillai and others saying that there was grave danger in going in for loans. I mean, Sir, public loans have no fascination. I have never discovered any prominent writer in economics maintaining that public finance

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shall be condemned and that Government should go in for loans even when they have funds. When there are no funds, loans may become necessary. The posterity loan has been condemned.

MR. K. KUNJUKRISHNA PILLAI (*Quilon I*): May I know——

MR. T. K. VELU PILLAI (*Trivandrum—Urban*): I would appeal to members not to interrupt me with questions. I am placing the difficulties before the House.

MR. A. S. DAMODARAN ASAN (*Mavelikara*): Will the member finish his speech within the time allotted to him?

MR. T. K. VELU PILLAI (*Trivandrum—Urban*): The member must take his risk. Posterity loans need be condemned but to say that posterity should discharge all our obligations which we incur now is very wrong finance. I do not want to comment upon that any further. On the other hand, I wish also to say that I am unable to understand the astounding position of the Financial Secretary when he said that, when we have funds now, that must be diverted or spent for any other purpose. That is, Sir, equally a mistake. The position that I consider important is this. Whether we should purchase the railway is a matter to be decided a few years hence. The Financial Secretary says that at that time we may consider how to make funds. Human nature being what it is, if there are no funds ready to pay up the amount, it is not likely to save several lakhs of rupees and that Travancore Government will embark on such a scheme then. (*Hear, hear*). Whereas on the other hand, if there is a fund earmarked for the purpose, the Government will be in a better position. I am certainly patriotic enough to see that the Pallivasal Hydro-Electric Scheme is completed at the earliest possible moment; and if it is done without borrowing, all the more better. But unless Government give an undertaking that it is only as a temporary convenience that they are using this Rs. 10 lakhs and that the Sinking Fund will be kept intact, we will be in a difficult position to accept the position of Government. I do not mean by that, that this scheme should not be proceeded with.

MR KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): It will be kept as a reserve fund.

MR. T. K. VELU PILLAI (*Trivandrum—Urban*): The Reserve Fund has no fascination for me, because by one stroke of the pen what is "Reserve" today will be "Unreserve" tomorrow. What I am submitting to Government, and I appeal to Government, is while Government may accommodate this by drawing that amount for a temporary purpose, a definite promise must be made that within a definite time that money will be returned.

MR. M. SIVATANU PILLAI (*Torala*): May I know how he reconciles this position with regard to the non-contribution to the sinking fund of the Quilon-Shencotta Railway *viz.*, a lakh and twenty thousand rupees.

MR. T. K. VELU PILLAI (*Trivandrum-Urban*): That must continue. (*Hear, hear*).

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[Mr. T. K. Velu Pillai.]

We cannot go back on our engagement. We should not become the laughing stock of Governments. Sir, I have only one word more. Sir, I say that even though Government may accommodate this amount, they must return the amount at the end of a definite term.

MR. P. CHIDAMBARAM PILLAI (*Commerce and Industry, South*): Sir, I beg to support the motion. I was surprised to hear from the Financial Secretary that he was going to make use of the funds in the Savings Bank Department on speculative schemes. It is not money which we have got by way of income and we cannot deal with it at all. The Government is a banker and it cannot utilize deposit money on these schemes.

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): Then what is to be done with that money?

MR. P. CHIDAMBARAM PILLAI (*Commerce and Industry, South*): The best thing for Government will be to give up banking business altogether. Government have no business to be a banker and there is no reason why it should be a rival to the other commercial banks of the country.

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): People are investing money in the Government Savings Bank. What has to be done with that money?

MR. P. CHIDAMBARAM PILLAI (*Commerce and Industry, South*) You call upon them to invest. You put an end to that. There are commercial banks in the land. As a matter of fact, Sir, this sort of commercial banking carried on by Government is condemned throughout the world. As a matter of fact, you get money from the people at 3 per cent. interest, whereas ordinary banks are not able to get money at that rate.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*) But the people are content to invest the money in the Savings Bank.

MR. P. CHIDAMBARAM PILLAI (*Commerce and Industry, South*): A prudent man will not invest in the Savings Bank. That shows the banking business of the country is dilapidating.

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): If they have no confidence in the private banks, will the people invest money in them?

MR. P. CHIDAMBARAM PILLAI (*Commerce and Industry, South*): It has been the recommendation of the Banking Enquiry Committee that a Central Bank ought to be started by Government and whatever surplus Government have got should be invested in the Central Bank. That is the idea with which the Reserve Bank is started in British India. The recommendation of the Banking Enquiry Committee was made years ago and one of the recommendations made by the expert Committee, in which I hope the Financial Secretary was a member,

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was that whatever surplus there was, ought to be put in the bank to be given on loan to other banks. It was an unanimous recommendation made by the Banking Enquiry Committee. Absolutely no explanation is given why, for the Pallivasal Scheme, that recommendation should be thrown overboard. That is a political move, Sir, and not a commercial move. This diversion of the Railway Sinking Fund on this scheme should not take place. Whether it is kept in solid form or in a liquid form, it should not be made use of for the Pallivasal Scheme. With these words, I support the motion.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): Will it not be enough if it is kept as a Reserve Fund?

MR. P. CHIDAMBARAM PILLAI (*Commerce and Industry, South*): Why do you want to change the name? What is the urgency of it?

We do not know the whole correspondence in the matter; and we cannot trust Government for the Government have not placed the whole correspondence before this House. We do not know what has transpired in the transaction of the Quilon-Shencotta Railway. Hitherto the practice has been that nothing should be told of railways on the floor of this House. As soon as the new reforms came into force, the first thing that we desired was that something should be done with regard to this Railway. We shall talk of diversion when we have plenty of opportunity for that. At the last Budget Session it was pointed out that the House was not aware of the Railway transactions; as a matter of fact the agreement had to be gathered from a series or volumes of correspondence; we do not know what that correspondence is and what the implications of this agreement are. In these circumstances, I, for one, will be unwilling to trust to any statement on law or finance arising from the other side of the House.

MR. P. K. NARAYANA PILLAI (*Ambalapuzha I*): I beg to oppose the motion. In the first place, I fear the motion itself is not quite in order, for the Demand now considered is a demand in regard to the Pallivasal Scheme. The ground of opposition to it is the proposed diversion of the Railway Sinking Fund and it is the diversion that is attacked for various reasons. The need for the Pallivasal Hydro-Electric Scheme is there; that is not opposed. What is really opposed, I submit, is the attempt on the part of the Government to divert the fund ear-marked for the Railway Sinking Fund on various grounds, one ground being that, if we now allow that fund to be drawn upon, 11 years hence it may not be available and there would be difficulty for Government if they find it advisable to purchase the Quilon-Shencotta Railway line. Another ground as put forward is the necessity for reducing the agricultural indebtedness of the State. According to this view, diversion of the sinking fund is covetable, no matter that the purpose is different. Various other propositions have also been put forward, so much so it may be clearly seen the trend of the opposition proceeds from divergent motives. However it is not so much the Pallivasal Scheme that is attacked as the proposed diversion of the Railway Sinking Fund for that purpose. That, I submit, is quite irrelevant as the Sinking Fund does not come in in this connection at all.

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MR. A. S. DAMODARAN ASAN (*Mavelikara*): Is it a point of order that is raised by the member?

MR. P. K. NARAYANA PILLAI (*Ambalapuzha I*): I am giving my view of the relevancy of the discussion.

MR. PUTHUPALLI S. KRISHNA PILLAI (*Quilon II*): May I know whether, after the Chair has granted permission to move, it is open to any member to stand up and say that that motion is not in order? Does it not amount to a condemnation of the ruling of the Chair.

MR. P. K. NARAYANA PILLAI (*Ambalapuzha I*): I consider this discussion irrelevant. The Chair has not ruled that it is relevant. Since no point was raised with respect to it and since there is no ruling upon that subject, I am at liberty to give expression to my own views.

MR. M. SIVATANU PILLAI (*Tovala*): May I know why the member took such a long time to give his view?

MR. P. K. NARAYANA PILLAI (*Ambalapuzha I*): It was because member after member was found starting up to speak. I could not anticipate them.

Now the only question, so far as the Pallivasal Scheme is concerned, is how it is to be financed. My friend Mr. Kunjukrishna Pillai, Secretary of the Nationalist Party, said that he was not prepared to accept any *obiter dictum* of the Leader of the Liberal Party. He also indulged in certain *obiter dicta* with respect to how such a scheme should be financed, if my views are *obiter*, so much so we have got *obiter dicta* on both sides.

Mr. T. K. Velu Pillai observed that, without the assistance of expert advice in the matter, it is rather difficult to decide the question now raised as to the diversion of the Sinking Fund. I quite agree with him. As matters stand at present, the House asks the Government to fix their position with respect to the purchase of the railway line 11 years hence. I say it is not wise to drive the Government to that position. It may be an advantageous concern or a disadvantageous one. It is a matter to be considered eleven years hence. All that has been done in the present instance, as is clear from the Financial Secretary's statement, is that the idea that the Government entertained with respect to the Sinking Fund that they were not at liberty to do anything with it is ill-founded. That is all that has been done by the declaration made by the Financial Secretary in his Budget speech. He says now that he is not going to draw on it for one or two years to come. Why fix the position of Government with respect to the purchase of the Railway line? I consider that at this stage it is quite unnecessary and impolitic to attempt to curtail the discretion of Government.

RAO SAHIB S. PARAMESVARA AIYAR (*Nominated*): Has not a sum of Rs. 5 lakhs out of this Rs. 69 lakhs been set apart for Irrigation works and another sum of about Rs. 5 lakhs added to the Debenture loan sinking fund and are not these the flittering away of this fund?

MR. P. K. NARAYANA PILLAI (*Ambalapuzha I*): That is not the question at issue. We are concerned with the Pallivasal Hydro-Electric

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Scheme. The other matter is entirely out of order since it does not arise in this connection.

MR. M. SIVATANU PILLAI (*Tovala*) : May I know whether the member will join hands with the other members who are for raising the whole aggregate amount for the Pallivasal Scheme by a debenture loan?

MR. P. K. NARAYANA PILLAI (*Ambalapuzha I*) : There is no demand for it now. I cannot understand really, Sir, why I should be pulled in now for that purpose.

So, Sir, my submission is, first of all, here is an objection which cannot be tackled under this motion. Secondly, there is no real necessity for this opposition as has been made clear in the Financial Secretary's statement. Thirdly, it is unwise to fetter Government and ask them to fix their position in advance in regard to the purchase of the Railway line. The option is there. On these grounds, I oppose this motion.

PRESIDENT : The House will now adjourn and meet again at 2 o'clock.

The House adjourned at 1 P. M. and reassembled at 2 P. M., the Deputy President presiding.

MR. T. P. VELAYUDHAN PILLAI (*Tiravalla III*): സർ, ഈ സഭയുടെ സ്വീകരണത്തിനായി സമർപ്പിച്ചിട്ടുള്ള ഉപക്ഷേപത്തെ ഞാനും പൂർണ്ണമായി അനുകൂലിക്കുന്നു. പൊതുജനങ്ങളിൽനിന്നും വസൂൽചെയ്തിട്ടുള്ള സംഖ്യ ഒരു നിർദ്ദിഷ്ടമായ ഉദ്ദേശത്തോടുകൂടിയാണ് റയിൽവെ സിങ്കിങ്ങ് ഫണ്ട് എന്നുള്ള പേരിൽ ശേഖരിച്ചിട്ടുള്ളത്. ഈവക സംഖ്യകൊണ്ടു കൊല്ലം-ചെങ്കോട്ട റയിൽവെ ലയിൻ തിരുവിതാംകൂർഗവണ്മെൻറു ഒരു ക്ലിപ്തകാലത്തിനുള്ളിൽ വിലക്കു വാങ്ങിക്കൊള്ളാമെന്നാണ് പ്രാരംഭകാലത്തെ ഉദ്ദേശം. അതിനെ പൊതുജനങ്ങളും വിശ്വസിച്ചിരുന്നു. ഗവണ്മെൻറു ഈ വിഷയത്തിൽ ഒരു ട്രസ്റ്റിയും പൊതുജനങ്ങൾ ഇതിന്റെ ഗുണാനുഭവക്കാരും ആകുന്നു. ഒരു ക്ലിപ്തഉദ്ദേശത്തോടുകൂടി ഉഭയകക്ഷികളും യോജിച്ചുചെയ്തിട്ടുള്ള ഒരേർപ്പാടാണ് ഇതു്. റയിൽവേലയിൻ ഗവർ ൺ-ൽ വാങ്ങിച്ചുകൊള്ളാമെന്നുള്ള ക്ലിപ്തമായ വ്യവസ്ഥയാണ് അതിലുള്ളതു്. ആ വ്യവസ്ഥയിൽനിന്നും വ്യതിചലിച്ചു പ്രത്യക്ഷവിരുദ്ധമായ ഒരു ഉദ്ദേശസാദ്ധ്യത്തിനുവേണ്ടി ഈവക പണം ഉപയോഗിക്കുന്നതു് ട്രസ്റ്റിനിയമത്തിനു വിരുദ്ധമാണ്. റയിൽവെ ലയിൻ വാങ്ങിക്കുന്നതിനു ശേഖരിച്ചിട്ടുള്ള ധനം പള്ളിവാസൽ ഹൈഡ്രോഇലക്ട്രിക് സ്കീമിലേക്കു വിനിയോഗിക്കുന്നതു് നിയമവിരുദ്ധമാണ്. പൊതുജനങ്ങൾ വിചാരിക്കുന്ന പക്ഷം നഷ്ടോത്തരവാളത്തിനുവേ

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ണ്ടി ഗവണ്മെൻറിന്റെമേൽ ഒരു സിവിൽവ്യവഹാരത്തിന കൂടി കാരണ മുണ്ട്. അതുകൊണ്ട നിർദ്ദിഷ്ടമായ ഉദ്ദേശലക്ഷ്യത്തിൽനിന്നും വ്യതിച ലിച്ച ഈ വക പണം മറെറ കാര്യത്തിന വിനിയോഗിക്കുന്നതു ശരിയല്ല. ഈ സംഖ്യ പള്ളിവാസൽ ഹൈഡ്രോ ഇലക്ട്രിക് സ്കീമിനു വേണ്ടി റി സർവ് ചെയ്തിരിക്കുന്നതിനെ ആക്ഷേപിക്കുന്നതോടുകൂടി ഉപക്ഷേപത്തെ പിൻതാങ്ങിക്കൊള്ളുന്നു.

MR. M. SIVATANU PILLAI (*Tovala*): Sir, I also wish to support the motion before the House. In doing so, I may say at the outset, Sir, that I am not at all satisfied with the answers given by the Financial Secretary to the various questions that were put to him by the Honourable members of the House. Sir, I was also endeavouring to understand the real implications of the questions now in issue. In spite of my earnest effort in that direction, I must admit, Sir, that I have n t been able to understand it. The answers given by the Financial Secretary were not at all clear. They were of little use to me.

Sir, the Sinking Fund was created for a definite purpose. It must therefore be used for that purpose. On being questioned as to whether the Government propose to do it or not, the Financial Secretary replied that Government had not yet decided whether to purchase the Quilon-Shencottah railway line or not. The Financial Secretary is not in a position to say what would be done in 1945. Sir, it is only after a final decision is arrived at on the question of purchase of this line that we can think of touching the Sinking Fund, since it has been created for that specific purpose. It is gratifying to note that the fund has been invested in very very safe security.

Sir, it has been made clear that, even if we do not purchase the line, we would have the liability to guarantee interest on the growing capital investment in the Quilon-Shencottah line. The disillusionment at the instance of the distinguished lawyer, Sir C. P. Ramaswami Aiyar, does not enable the Financial Secretary to assure us that, after 1945, there would be no liability on our part to guarantee interest on the outlay. All that the Financial Secretary has stated in page 2 of his speech is that our liability is only to underwrite the guaranteed interest on the capital. I for one do not understand how long this process of underwriting the guaranteed interest will have to be carried on. I would like to know whether the liability would cease at the end of 1945.

In these circumstances, unless that position is made clear, I do not know whether we would be justified in laying our hands on the sinking fund.

Further, the newspapers have told us that there is going to be a fourth stage of the Cochin Harbour Scheme. That necessarily means contribution by our Government also.

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DEPUTY PRESIDENT: Your time is up, Mr. Sivatanu Pillai. Dr. Kunjan Pillai will speak.

MR. K. R. ELENKATH (*Kalkulam I*): May I know whether the discussion on this subject will close with the Chief Secretary's speech?

DEPUTY PRESIDENT: We have to stop at 2-20.

MR. K. R. ELENKATH (*Kalkulam I*): May I know whether, after the Chief Secretary has spoken, other members will be permitted to speak on this motion?

DEPUTY PRESIDENT: It will depend, naturally, on the time available.

RAO SAHIB DR. N. KUNJAN PILLAI (*Chief Secretary to Government*): Sir, the motion before the House is to reduce the allotment of Rs. 20,29,878 for the Pallivasal Hydro-Electric Scheme under Debt Heads, by Re 1, to point out that the capital required for the Scheme should not be taken from the Railway Sinking Fund as suggested in the Financial Secretary's Budget Speech. That is the motion. But, several issues have been brought into the discussion of this motion.

The main issue, Sir, so far as I have been able to understand, is that the sinking fund should not be touched for any purpose other than for the purchase of the Shencotta-Quilon railway and that it should be left as it is for the purpose of purchasing the railway in the year 1945. I wish to make one point clear in regard to this matter. The position so far was that the Government of Travancore were under the impression that they were *bound* to purchase the line in 1945. Now, that position has been changed, and it has been conceded by the Government of India that there is no *obligation* on the part of the Travancore Government to purchase the line in 1945 but that it is left to the *option* of the Travancore Government to purchase it or not. That is the position of Government at present. Now, Sir, a question has been raised. Suppose in 1945 Government decide to purchase the line. Is it desirable or advisable that the fund that has been formed for that purpose is diverted for some other purpose? Is it not better to reserve it to be utilised for the purpose for which it was intended, if necessary? Sir, the Financial Secretary has explained that, if in 1945 we decide to purchase the line, we can raise the necessary capital without any difficulty whatsoever, by floating a loan or by some other means. Sir, it is now too early to say what is going to happen in 1945.

MR. A. THANU PILLAI (*Trivandrum—Rural*): At the risk of interrupting my friend, may I know whether, even if we were under an obligation to purchase the line in 1945 as we thought we were, it would not be easy for us, in order to raise the necessary funds, to float a loan? How is the question of our keeping the Sinking Fund intact affected by our purchase of the line being obligatory or optional?

RAO SAHIB DR. N. KUNJAN PILLAI (*Chief Secretary to Government*): Sir, I was just explaining the recent change that has taken place in our position in regard to this matter.

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MR. A. THANU PILLAI (*Trivandrum—Rural*) : I want to know how that change in our position affects the continuance of the Sinking Fund.

DEPUTY PRESIDENT : The member has put his question ; and the Chief Secretary has given his answer. It is a different question whether the member is satisfied with the answer or not.

MR. M. SIVATANU PILLAI (*Tovala*) : May I know whether, after 1945, we are liable to guarantee the interest on the capital ?

RAO SAHIB DR. N. KUNJAN PILLAI (*Chief Secretary to Government*) : I cannot say that at present. It will depend on the terms of the agreement, if we are going to have any, after 1945.

MR. A. THANU PILLAI (*Trivandrum—Rural*) : Am I to take it that the Chief Secretary is not in a position to assure the House that we will not be under the obligation to guarantee interest on the outlay after 1945 ?

RAO SAHIB DR. N. KUNJAN PILLAI (*Chief Secretary to Government*): I am not able to give such an assurance now.

Sir, Mr. Thanu Pillai asked me a little while ago how the question of continuing the Sinking Fund depended on our being freed from the liability to purchase the line in 1945. I do not at all say that the question of continuing the Sinking Fund or of diverting it depends on our obligation to purchase the line in 1945. My point is—

MR. P. CHIDAMBARAM PILLAI (*Commerce and Industry, South*) : Has the Chief Secretary gone through...

RAO SAHIB DR. N. KUNJAN PILLAI (*Chief Secretary to Government*): Let me finish the sentence, Sir.

MR. P. CHIDAMBARAM PILLAI (*Commerce and Industry, South*) : Has the Chief Secretary gone through the agreement with the Government of India ?

DEPUTY PRESIDENT : I do not allow that question.

RAO SAHIB DR. N. KUNJAN PILLAI (*Chief Secretary to Government*): I request that I may not be interrupted now, Sir.

Sir, as I was attempting to explain, Government thought that they were under an obligation to purchase the line in 1945 ; and in order to do it, they started a Sinking Fund. Now, Government find that, though they have the right to purchase the line, they are not bound to do so. As it is, therefore, the necessity, which led to the starting of the Sinking Fund and its continuance, has ceased.

Mr. Sambasiva Aiyar's main point is that this Sinking Fund should not be utilised for the Pallivasal Hydro-Electric Scheme. The Financial Secretary did not say that it would be utilised for the purpose. He definitely stated that the amount will be kept as a reserve to be drawn upon *only* in case of absolute necessity. Sir, a sum of Rs. 5 lakhs out of this fund has been set apart for protective irrigation works. If the House does not want it, Government are quite prepared to respect its

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wishes. Another sum of Rs. 5 lakhs has been set apart for discharging the debenture debts. If the House does not want the Government to do that, they have no objection to accept that suggestion.

MR. A. THANU PILLAI (*Trivandrum-Rural*) : Are the Government also prepared to credit the interest due on the Sinking Fund and also to continue the annual contribution towards the Sinking Fund ?

RAO SAHIB DR. N. KUNJAN PILLAI (*Chief Secretary to Government*): I am not prepared to give such an undertaking. The present fund which amounts to Rs. 69 lakhs can be kept as a reserve if the House so desires.

MR. M. SIVATANU PILLAI (*Tovala*) : May I know whether the Government are prepared to allot every year some money as contribution to the Sinking Fund ?

RAO SAHIB DR. N. KUNJAN PILLAI (*Chief Secretary to Government*): I have said, Sir, that I am not prepared to give such an undertaking.

DEPUTY PRESIDENT : Under the circumstances, I propose to allow the Chief Secretary a minute or two more.

RAO SAHIB DR. N. KUNJAN PILLAI (*Chief Secretary to Government*): If the Honourable members do not want any diversion to be made from the Sinking Fund for irrigation purposes, Government are not anxious to do it. If the Honourable members are not for the utilisation of any portion of the Sinking Fund for the redemption of the debt on account of the debentures, Government are not anxious to do it either. In regard to the remaining Rs. 59 lakhs, the Financial Secretary has said that it would be utilised for the Pallivasal Scheme only in case of absolute necessity. He has stated that he can find other means for financing the Scheme; and Government are prepared to accept his suggestion and see that this Sinking Fund is kept intact as a sort of reserve to be utilised for any purpose in the future when it is found to be absolutely necessary to do so. It may be for the purchase of the Shencotta-Quilon railway or for any other purpose. I hope, Sir, that, on the assurance that Government will not utilise this fund for the Pallivasal Scheme unless they are driven to the extreme necessity of doing so, the member will withdraw the motion.

MR. A. S. DAMODARAN ASAN (*Mavelikara*) : I move that the question be now put.

MR. K. R. ELENKATH (*Kalkulam I*): Sir, I wish to speak just a word on the motion.

DEPUTY PRESIDENT : I shall give you only a minute.

MR. K. R. ELENKATH (*Kalkulam I*): Sir, I would approach the question in another line. Mr. Sambasiva Aiyar stated that the fund may be diverted to the Land Mortgage loans and other funds; and Mr. T. P. Velayudhan Pillai said that it is illegal to divert it. My point is that, if there is a reserve fund, Government will have a tendency to misspend it and there is no guarantee that it is going to be spent properly.

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DEPUTY PRESIDENT: The Chief Secretary has given an undertaking that it will be kept intact.

MR. K. R. ELENKATH (*Kalkulam I*): But I doubt whether this undertaking will be given effect to by this Government or adhered to by all future Governments of this State.

DEPUTY PRESIDENT: I disallow that.

MR. K. P. PADMANABHA MENON (*Electrical Engineer*): I hope that, in view of the statements made by the Financial Secretary and the Chief Secretary, the member will withdraw the motion.

MR. R. SAMBASIVA AIYAR (*Kunnatnad II*): I am not going to press the motion in the light of certain circumstances. But I want to say.

MR. A. S. DAMODARAN ASAN (*Mavelikara*): Has the member got the right to speak if he is not pressing the motion to a division?

DEPUTY PRESIDENT: Are you going to press your motion or do you withdraw it, Mr. Sambasiva Aiyar?

MR. R. SAMBASIVA AIYAR (*Kunnatnad II*): I do not press the motion.

DEPUTY PRESIDENT: Does the House allow Mr. Sambasiva Aiyar to withdraw the motion?

MR. K. KUNJUKRISHNA PILLAI (*Quilon I*): I object to the withdrawal.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): Even if only one member objects to the withdrawal, leave is refused for the withdrawal; and the original motion has to be put to the vote of the House. That is the correct practice.

The motion was put to the vote of the House and declared lost.

MR. K. KUNJUKRISHNA PILLAI (*Quilon I*): I demand a poll.

A poll was accordingly taken with the following result:

AYES.—24.

1 Mr. P. Chidambaram Pillai.
2 „ A. S. Damodaran Aasan.
3 „ A. Easwara Pillai (*Kalkulam II*)
4 „ K. R. Elenkath.
5 „ T. C. Joseph.
6 „ Pottayil S. Krishna Panickar.
7 „ N. K. Krishna Pillai.
8 „ Puthupalli S. Krishna Pillai.
9 „ T. Krishna Pillai.
10 „ K. Kunjukrishna Pillai.
11 „ M. N. Nair.
12 „ Pacode A. Narayana Pillai,
13 Mr. S. Nilakanta Pillai.
14 „ Edavanatt S. Padmanabha Menon.
15 „ Kainikkara M. Padmanabha Pillai.
16 „ Changanachery K. Parameswaran Pillai.
17 „ V. Ramakrishna Panickar.
18 „ M. Sivatanu Pillai.
19 „ A. Thanu Pillai.
20 „ S. Thiraviam Nadar.
21 „ P. K. Thomas.
22 „ N. E. Varughese.
23 „ V. K. Velappan Nair.
24 „ T. P. Velayudhan Pillai.

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NOES.—39.

1	Mr. N. Abdur Rahiman Sahib.	21	Mr. E. K. Kunjuraman.
2	,, K. C. Abraham.	22	,, K. M. Kuriakose.
3	,, T. K. Alexander.	23	,, K. P. Padmanabha Menon.
4	,, V. T. Chacko.	24	,, K. Madhavan.
5	,, S. Chattanatha Karayalar.	25	,, K. Mahomed.
6	,, E. H. Francis.	26	,, P. C. Narayanan Bhattatiripad.
7	,, Antony George.	27	,, P. K. Narayana Pillai.
8	,, K. George.	28	Srimathi T. Narayani Amma.
9	,, M. Mahomed Haneef.	29	Mr. G. Nilakantan.
10	,, S. J. Nair.	30	,, R. Nilakanta Pillai.
11	,, M. K. Janardana Kamath.	31	,, N. K. Padmanabha Pillai.
12	,, T. S. Jayantan Nambootiri.	32	Rao Sahib S. Paramesvara Aiyar.
13	,, N. John Joseph.	33	Mr. Kayalam Paramesvaran Pillai.
14	,, K. C. Karunakaran.	34	Rao Bahadur N. Ramanuja Ayangar.
15	,, T. T. Kesavan Sastri.	35	,, R. Sambasiva Aiyar.
16	,, K. M. Krishnan.	36	,, K. Sankaran.
17	,, K. P. Krishna Menon.	37	,, R. M. Statham.
18	,, E. V. Krishna Pillai.	38	,, T. C. Thommen.
19	Rao Sahib Dr. N. Kunjan Pillai.	39	,, G. B. E. Truscott.
20	Mr. C. V. Kunjuraman.		

NEUTERALS.—5.

1	Mr. A. Easwara Pillai (*Kottarakara*).	3	Mr. K. A. Narayana Pillai.
2	,, M. K. Madhavan Pillai.	4	,, K. Padmanabhan.
		5	,, R. Raman Pillai.

The motion was declared lost.

MR. A. S. DAMODARAN ASAN (*Mavelikara*) : I submit a point for the ruling of the Chair, whether the mover of a motion could vote against it.

DEPUTY PRESIDENT : The result of the poll having been declared, the reason of this point of order is a belated one and it will be decided when a suitable occasion comes and when the necessity arises.

MR. A. S. DAMODARAN ASAN (*Mavelikara*) : I have not got a ruling from the Chair.

DEPUTY PRESIDENT : I have said that I am not going to decide it now because it is absolutely unnecessary now.

Motion Nos. 264 to 266.

The following motions lapsed on account of time limit.

MR. K. KUNJUKRISHNA PILLAI :

264. To reduce the allotment of Rs. 20, 56, 000 for Pallivasal Hydro-Electric Scheme by Re. 1

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MR. A. S. DAMODARAN ASAN :

265. To reduce the allotment of Rs. 20,56,600 for Pallivasal Hydro-Electric Scheme by Re. 1

MR. V. RAMAKRISHNA PANICKER :

266. To reduce the allotment of Rs. 20,56,600 for Pallivasal Hydro-Electric Scheme by Re. 1

DEPUTY PRESIDENT : I put Demand III—Public Works—Electrical Department—for Rs. 24,87,608, to the vote of the House.

The Demand was passed and the grant made.

DEMAND IV—INDUSTRIES.

MR. N. K. PADMANABHA PILLAI (*Director of Industries*) : Sir, I rise to move for a grant not exceeding Rs. 1,50,331, under Demand IV – Industries.

Motion No. 267.

MR. K. SANKARAN (*Kartikapalli I*): Sir, I move that the allotment of Rs. 12,765 for the Technical staff be reduced by Re. 1.

The object of my motion is to bring to the notice of the Government the extremely unsatisfactory way in which the Industries Department has been working for so many years and to urge upon the attention of Government that the so-called experts must be made to feel some sort of responsibility. Sir, it is almost a well-recognised fact that there is abundance of raw material in our country which could be utilised for all sorts of industrial concerns. It is also a fact that the Industries Department in our State has been in existence for several years. But it is a sorry state of things to see that, in spite of the experiments that the experts have been conducting during all these years, nothing tangible has come out. No industry worth the name can be said to thrive in our State If any example is needed to illustrate my statements, I may just point out the state of our tannery. It is evident from the Financial Secretary's speech as well as from the budget that Government had undertaken an experimental tannery at Karamanai and that it had been going on for the last ten years and that now it is proposed by Government to abolish the tanning section altogether. It is evident that on that single item alone the Government has had to incur a very heavy expenditure ; by way of the salary of this expert alone for the last ten years during which he has been conducting this experimental tannery. I may say that about Rs. 50,000 had been spent by Government. In addition to this huge sum of money that has been spent on this particular expert, I may say that several thousands of rupees must also have been spent on the actual work.

MR. M. SIVATANU PILLAI (*Tovala*) : Does the member advocate the closing down of the Industries Department ?

MR. K. SANKARAN (*Kartikapalli I*): My only suggestion is that the department must be made to do more useful work.

MR. EDVANATT S. PADMANABHA MENON (*Shertalai I*) : Does the member –

DEPUTY PRESIDENT : I would suggest one course. The member has got a definite period of time allotted to him under the rules. Let

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